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CHANGE in Class

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GENERAL

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15 MAR 1978

**1. UK stresses need for SC action on Arab refugee problem--**

According to US Ambassador Douglas in London, Foreign Secretary Bevin is informing the British UN delegation that it may postpone action on the Arab refugee problem until 2 August, but not later. Bevin said that the matter could not be delayed longer because there is urgent need to: (a) show the Arabs that the UK and the UN are aware of Arab difficulties; and (b) convince the Arabs that the UN is not "a malignant instrument but one to which they can look for help when the need arises." (See attached Annex for a discussion of the Arab refugee problem.)

**EUROPE**

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- 2. FRANCE: Serious threat to Government expected soon--US Ambassador Caffery believes that a new and serious threat to the French Government can be expected in the near future after Finance Minister Reynaud's program is known and measures to implement this program are submitted to the Assembly (presumably about 3 August). According to Caffery, most observers feel that the presentation of this program will bring about the first real vote of confidence in the Marie Government. Caffery believes that if Reynaud's program is turned down, Reynaud will probably resign and thereby precipitate a government crisis. Caffery foresees difficulties in the approval of the Reynaud program because the Socialist Party and the Popular Republican Movement (MRP) fear that this program will saddle the working classes with an unfair share of the financial burden.**

(CIA Comment: CIA believes that since only the Gaullists and the Communists, to a lesser extent, could gain from the fall of the Marie coalition Cabinet, the present Government has a reasonable chance to survive until the October elections.)

State Department review completed

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A N N E X

30 July 1948

**THE ARAB REFUGEE PROBLEM**

The war in Palestine has produced an Arab refugee problem comparable to the Jewish DP problem which the establishment of a Jewish state was partly intended to alleviate. Although Arab-Jewish hostilities have for the most part ceased, the problem posed by the Arab refugees from Israel now in neighboring Arab lands is threatening not only the truce and the possibility of a compromise solution in Palestine but also the stability of the entire Arab world. Unless these refugees can be swiftly and adequately cared for, they will swell the ranks of the Arab extremists and possibly prevent the establishment of an effective Arab-Jewish agreement for many years to come.

UN Mediator Bernadotte has estimated that the refugees number between 300,000 and 400,000. Approximately 100,000 are believed to be in Transjordan; 65,000 in Syria; 55,000 in Lebanon; 25,000 in Egypt; and the remaining 100,000 in the Arab-occupied areas of Palestine. The Provisional Government of Israel has stated that it will not permit any of the refugees to return to their homes until a definitive settlement of the Palestine issue has been reached and then only under such restrictions that few Arabs will qualify for repatriation.

The neighboring Arab states have neither the economic resources nor the political stability to absorb the Arab refugees peacefully. The poverty of arable land in the Arab states is chronic, and no state can afford to launch large resettlement projects involving land reclamation. An exchange of populations might solve the problem, but such a solution would raise other serious difficulties. The eviction of the Jews from the major Arab cities, in which they form sizable minorities, would entail further economic dislocation. If Israel were to receive the 200,000 Jews in Arab lands as well as the 200,000 Jewish DP's from Europe, its area would have to be expanded far beyond the UN partition

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boundaries. Such a development would still further exacerbate Arab feelings and would, therefore, contribute little to an ultimate solution of the Palestine issue.

Temporary relief for the Arab refugees can be facilitated through substantial assistance from the International Red Cross, the International Refugee Organization, and the Arab League. However, a permanent solution of the problem, involving the whole question of the future of Palestine, will probably require positive action by the UN.

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